



KDOT BUDGET OVERVIEW

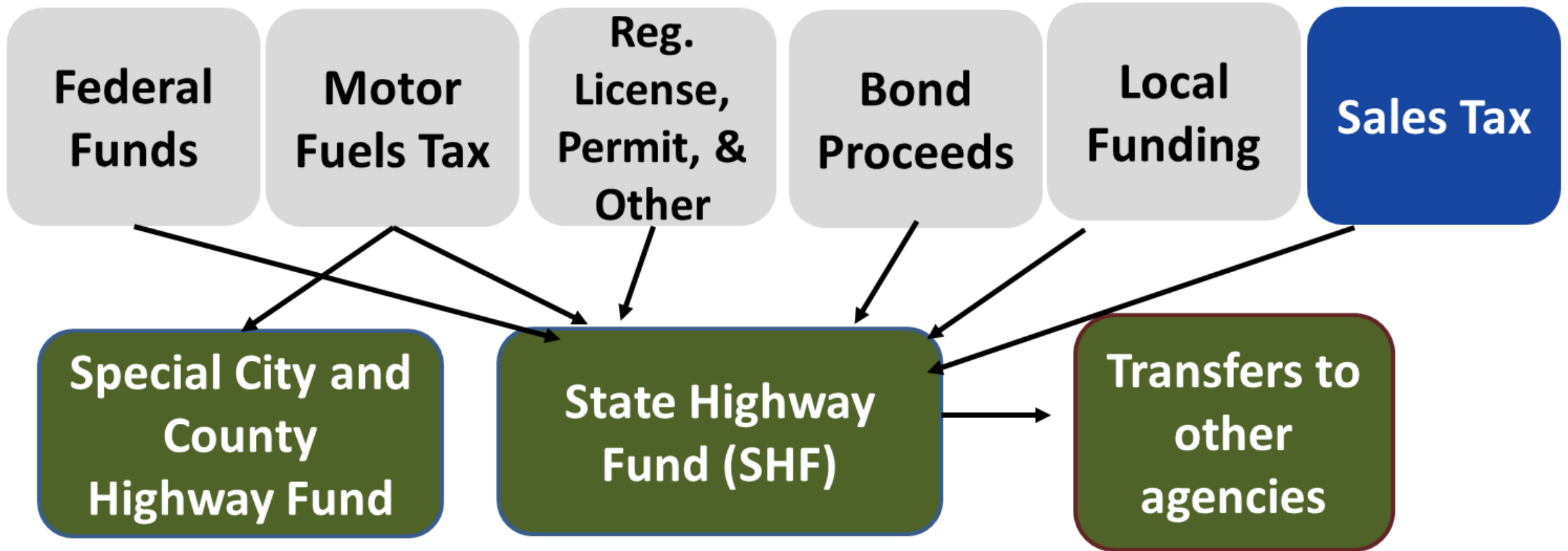
Julie Lorenz, Secretary

Kansas Department of Transportation

Agenda

- Budget composition
- FY 2023 revenues & expenditures
- Historical budget trends & changes for FY 2023 Budget
- Performance metrics
- Bipartisan Infrastructure Law Funding approach

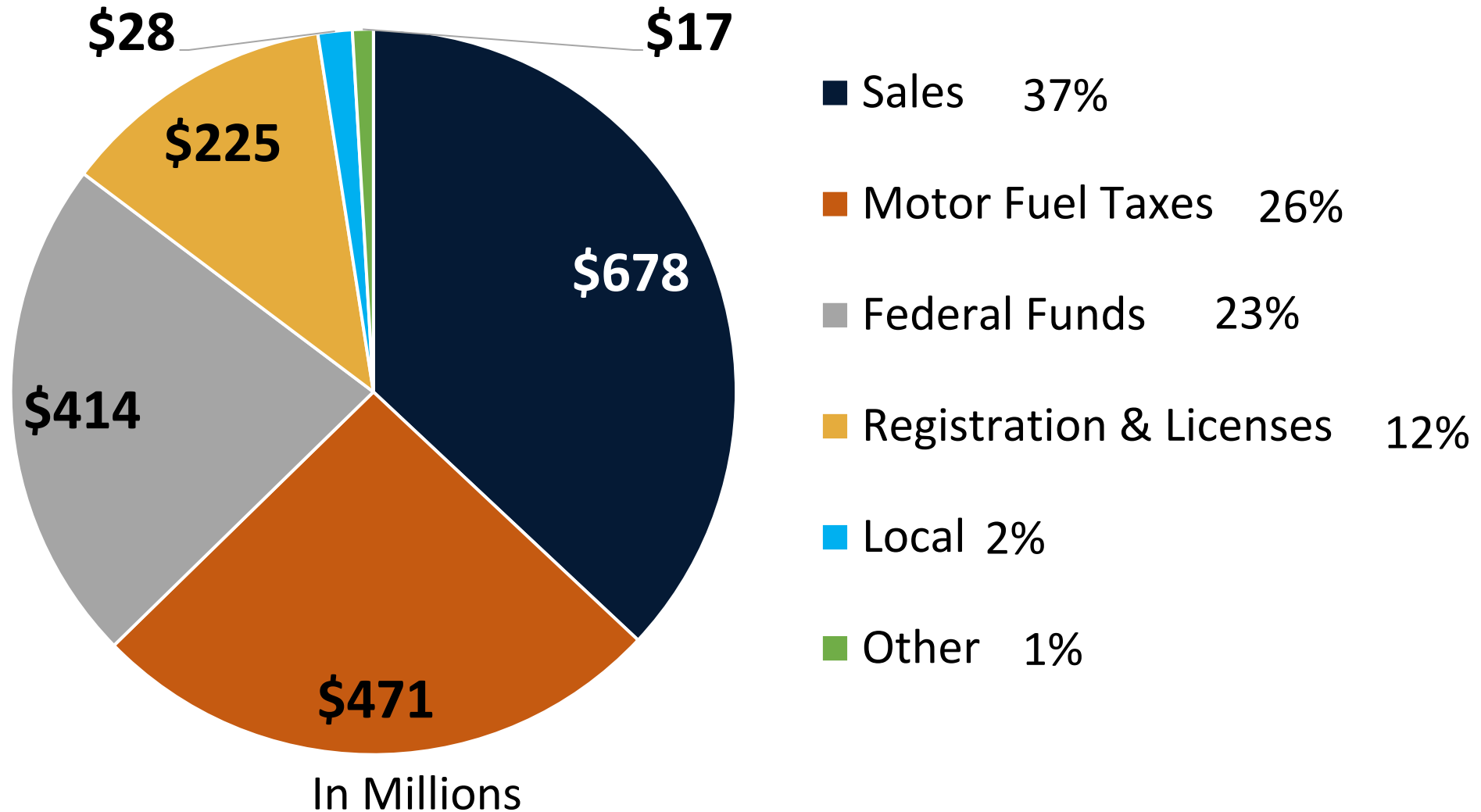
How does Kansas fund transportation?



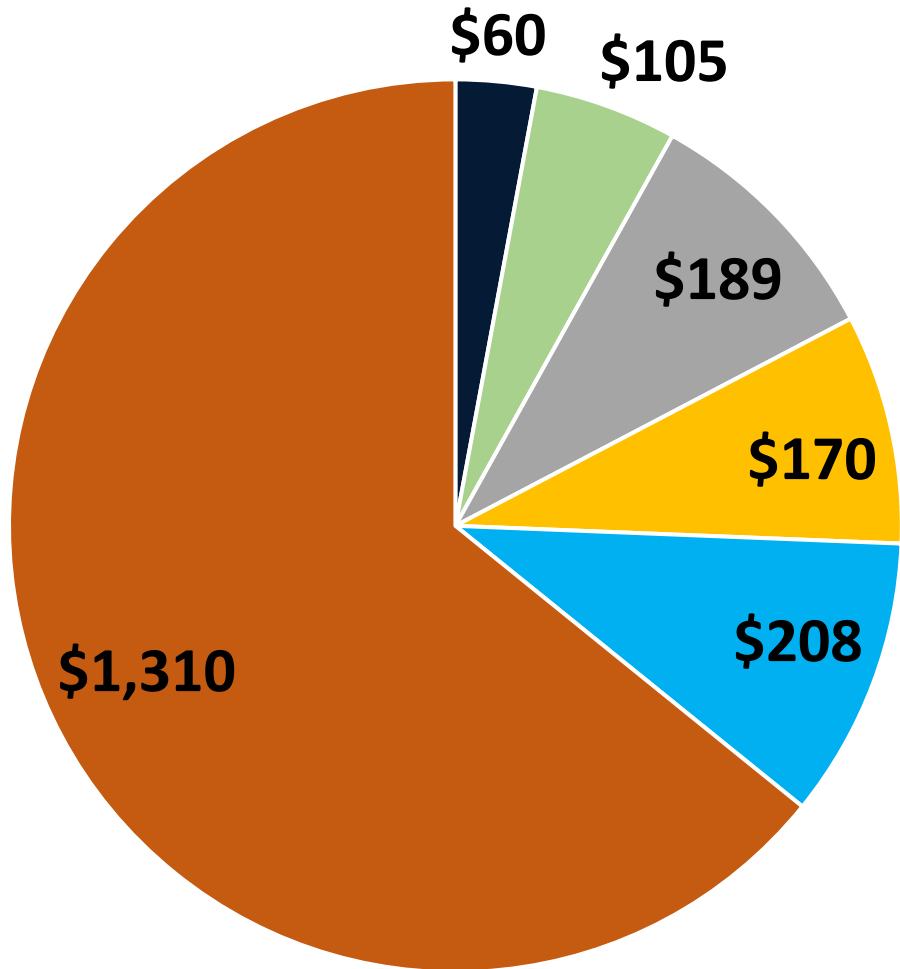
■ Protected Revenue

■ Unprotected Revenue

FY 2023 Revenue Sources – (All Funds)



FY 2023 Expenditures– (All Funds)



In Millions

- Administration 3%
- Transportation Planning & Modal Support 5%
- Local Support 9%
- Maintenance 8%
- Debt Service 10%
- Construction 64%

Plan to pay off \$97.8M in principle investment in Sept.

Saves over \$20M in interest payments.

State Highway Fund

KDOT Budget

Limited

Agency Operations -

- Salaries & Wages
- Contractual Services
- Commodities
- Capital Outlay

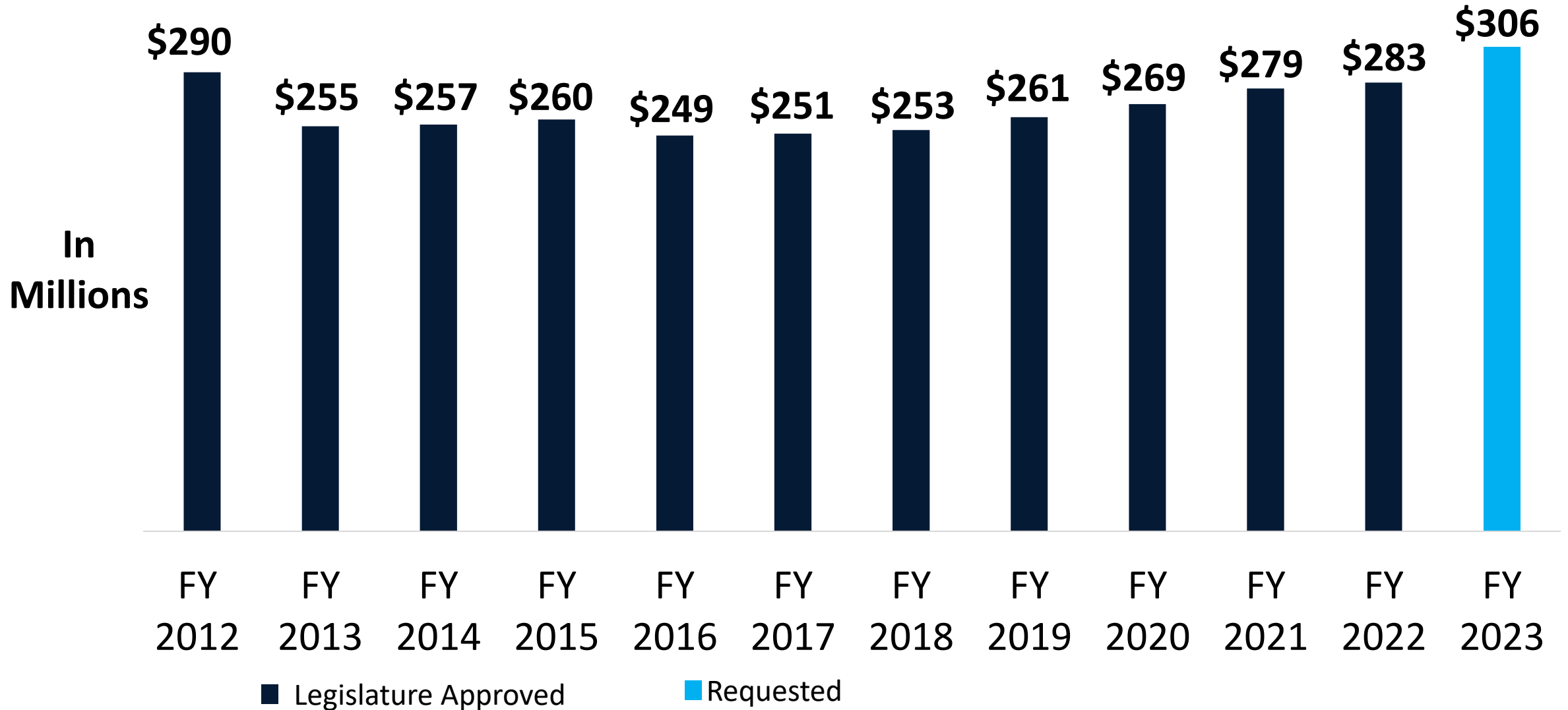
Fixed Total/Cap

Some ability to shift funds from category to category based on needs throughout the year, changes included in Revised Budget

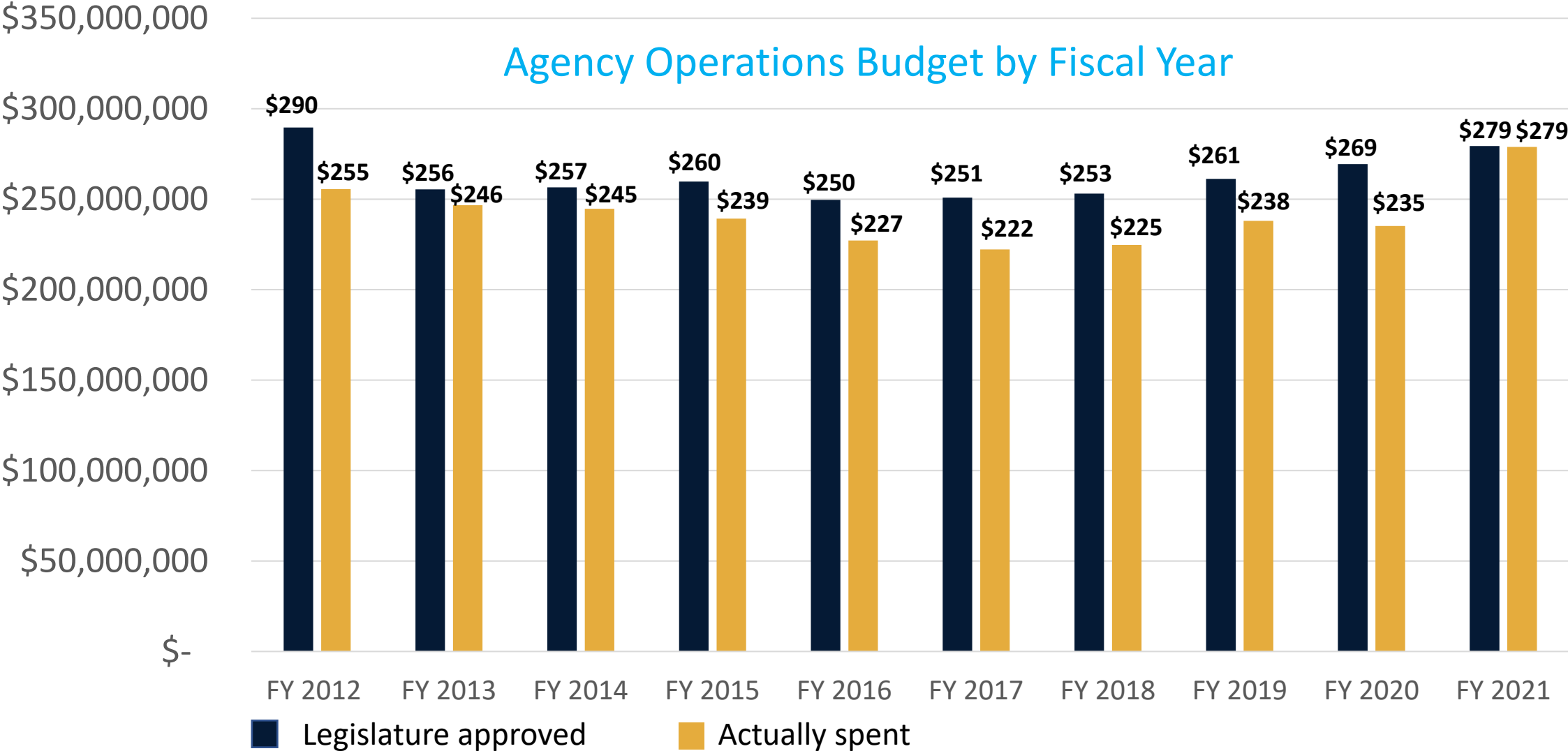
Unlimited

Construction/Projects

Agency Ops budget request close to FY 2012 levels



FY 2021 – We managed our budget much tighter

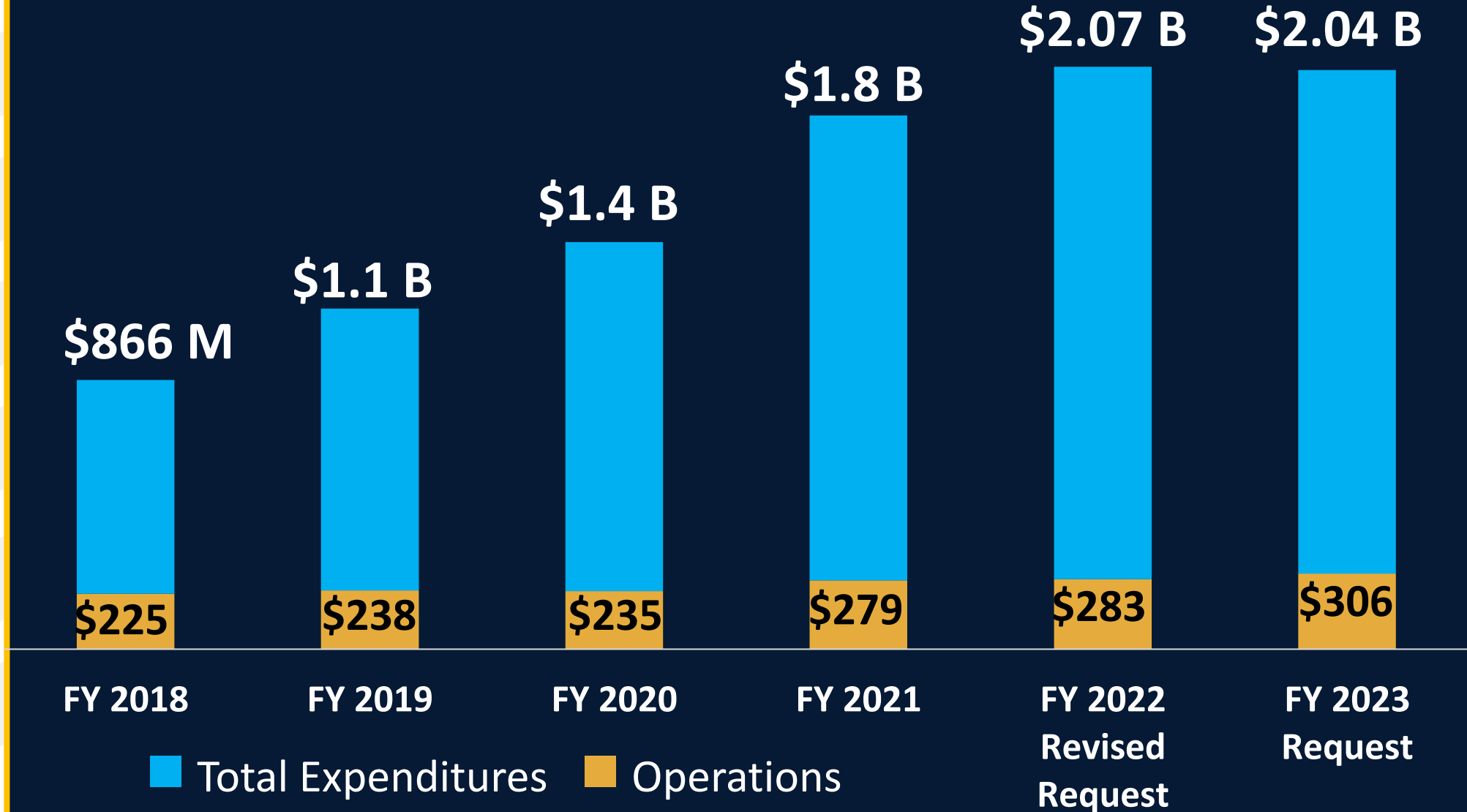




Agency Ops held steady despite significant increase in construction work

% Agency Ops of Total Budget

FY18	26%
FY19	21%
FY20	17%
FY21	15%
FY22	14%
FY23	15%



FY 2022 Revised vs. FY 2023 Agency Operations

Need & Demand Driven



Salary & Wages

\$2.8 million

2%



Contractual Services

\$9.7 million

15%

Restore funding levels & keep pace with cost increases

(standard budget maneuvers)



Commodities

\$3.7 million

9%



Capital Outlay

\$5.7 million

38%



Other Assistance

\$319,952

22%

\$22 million increase

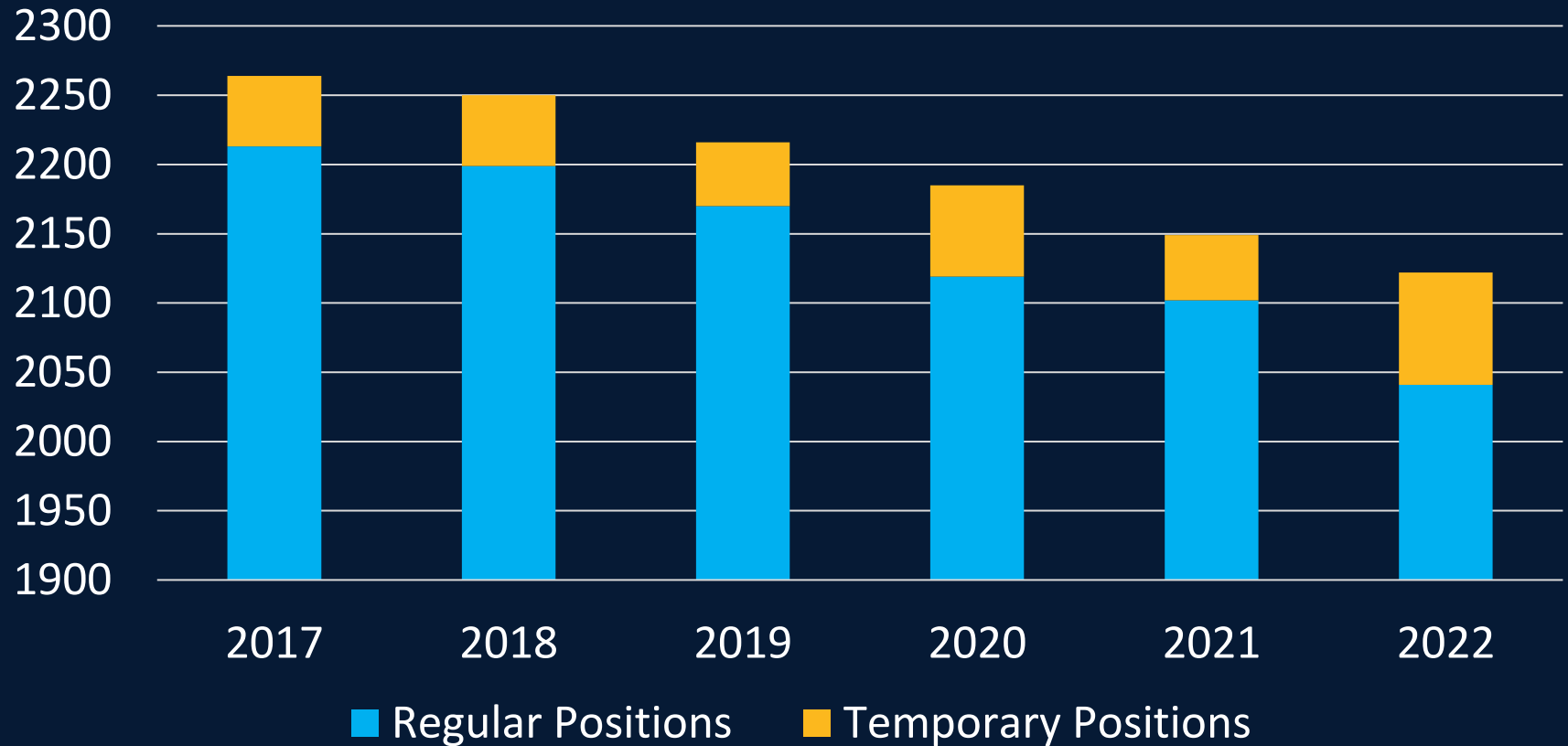
8% total increase from FY22

NOTE: Percentage increases reflect the changes within that category from previous year. Actual increase in total Ops budget is 8% from last year.



Challenge: 142 fewer employees than 2017

KDOT Total Filled Positions By Year



Workforce



2021 Equipment Operator Approach Summary



Decision Driver:

- Internal metrics on turnover rates & costs, workforce incidents

Turnover rate comparison:

- KDOT= 25%
- KTA = 9%

Recommendation:

- Increase starting salaries to match KTA

Funded by:

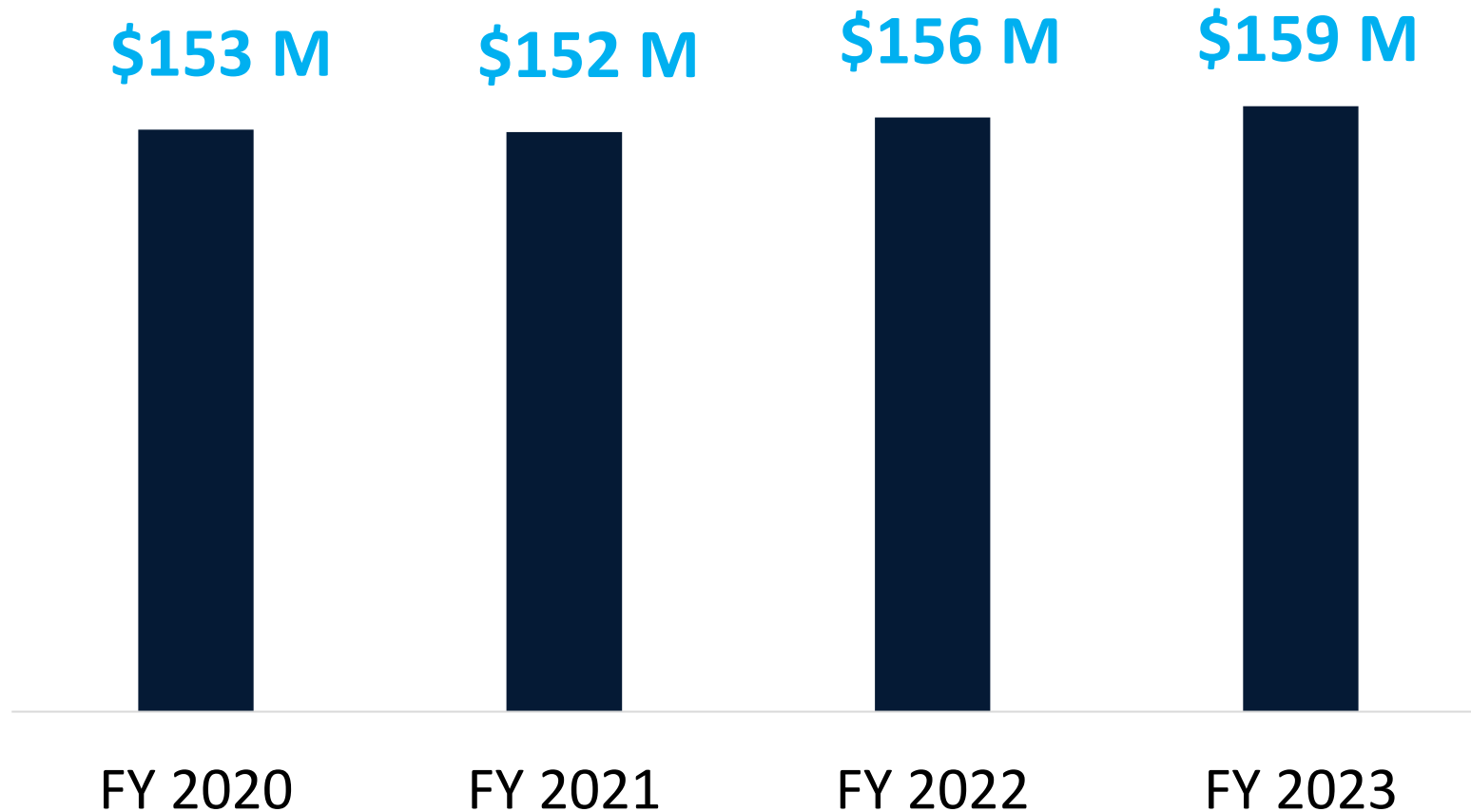
- \$2.6 M in salary savings

Impact:

- 638 employees



Modest increase to overall salary budget



Supports

- FY 2022 Equipment Operator increases
- Additional positions needed for traffic safety, maintenance, engineering, human resources, construction inspectors etc.



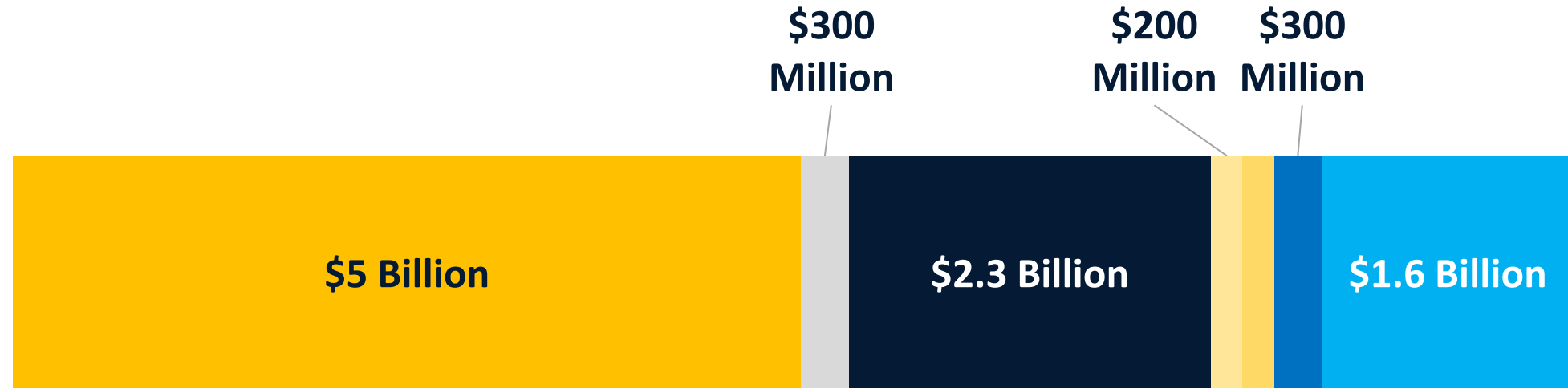
Actions that would be helpful

- ✓ Approve the 5% pay increase for all state employees
- ✓ Increase state contribution to KPERS
- ✓ Reduce employee contribution rates for health plans



Delivering IKE increases workload and expertise needed

**\$9.9 Billion
TOTAL**



- Preservation
- Modernization & Expansion
- Modes
- Special City County Highway Fund
- Preservation + Economic Development
- Cost Share, Safety & Local Bridge

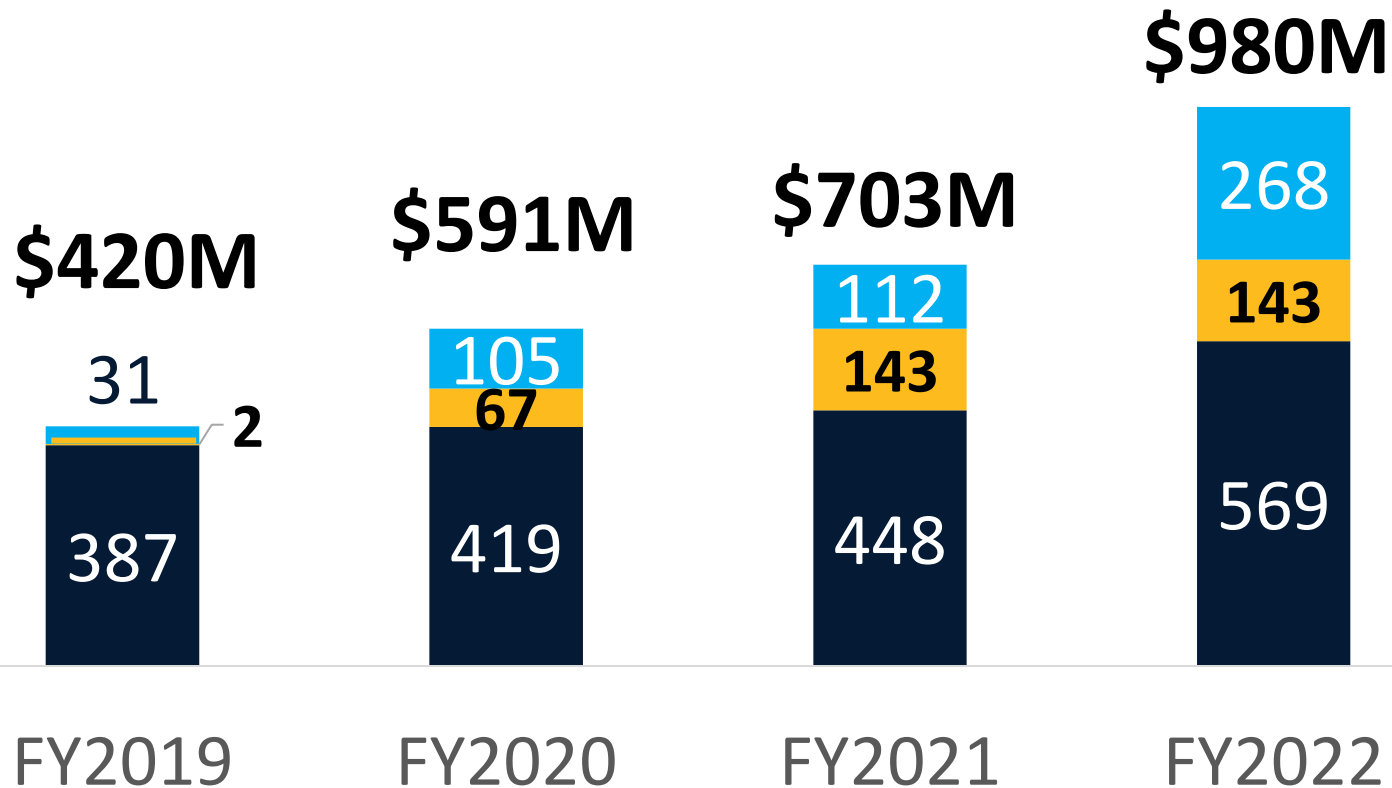
Note: Modernization & Expansion estimate does not include T-WORKS projects

Workload has increased to finish T-WORKS & launch IKE



Construction Lettings

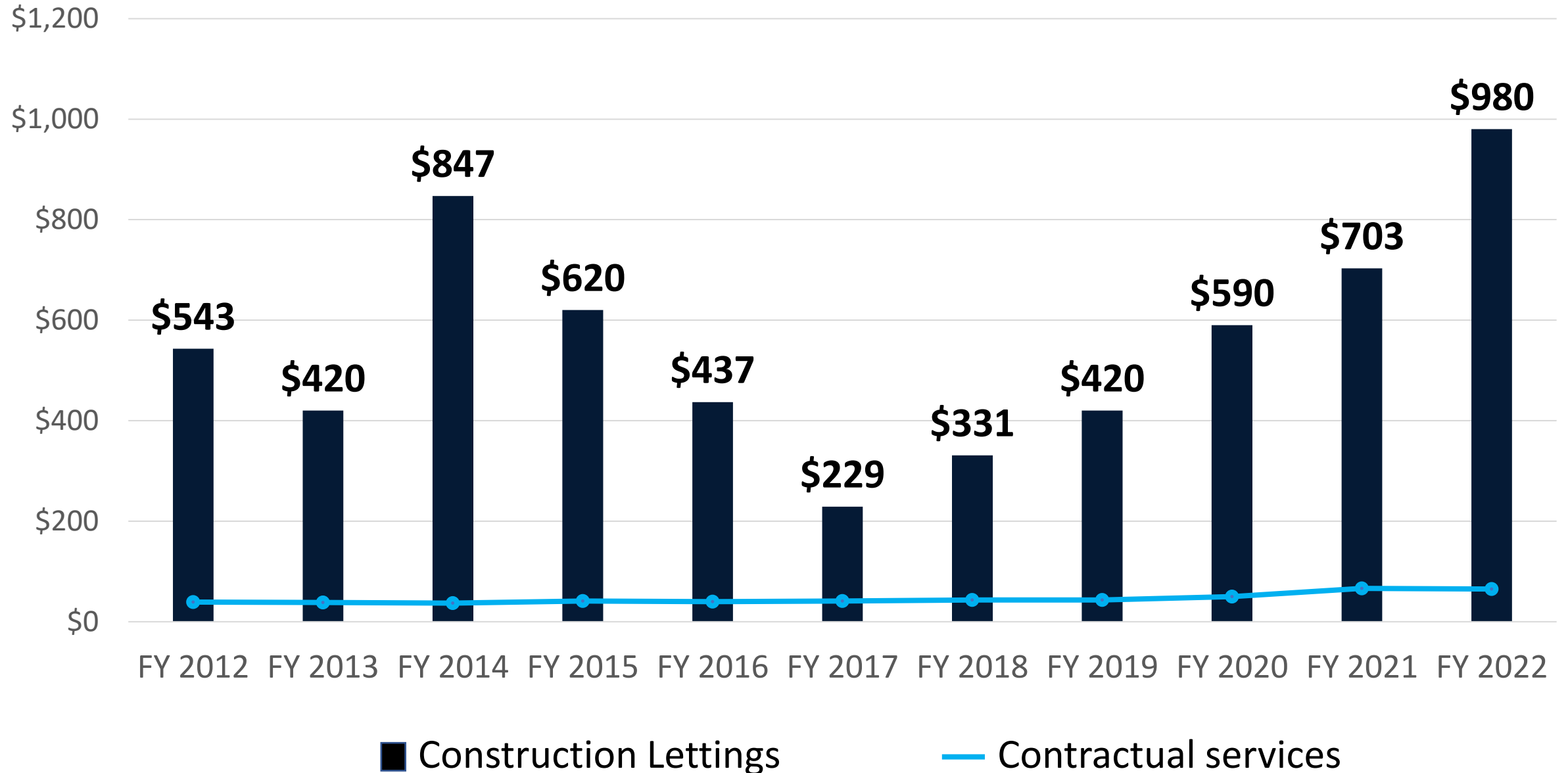
■ Preservation ■ Modernization ■ Expansion



FY 2023 Letting Estimates

Preservation	\$480 - \$600
Modernization	\$30 - \$40
Expansion	\$500 - \$740

Contractual services increases mirror letting increases



We must deliver with the resources we have available



	FY 2015	FY 2020	
Construction Lettings	\$620 M	\$590 M	
Contractual Services	\$41 M	\$50 M	\$9 million more
Total KDOT Employees	2,414	2,133	281 employees fewer
Actual Spend on Employee Salaries	\$149 M	\$142 M	\$6 million less Unburdened rates



Trash along I-435 is typical of any highway in the metropolitan area. Photo by Bill Rankin

CITY BUSINESS

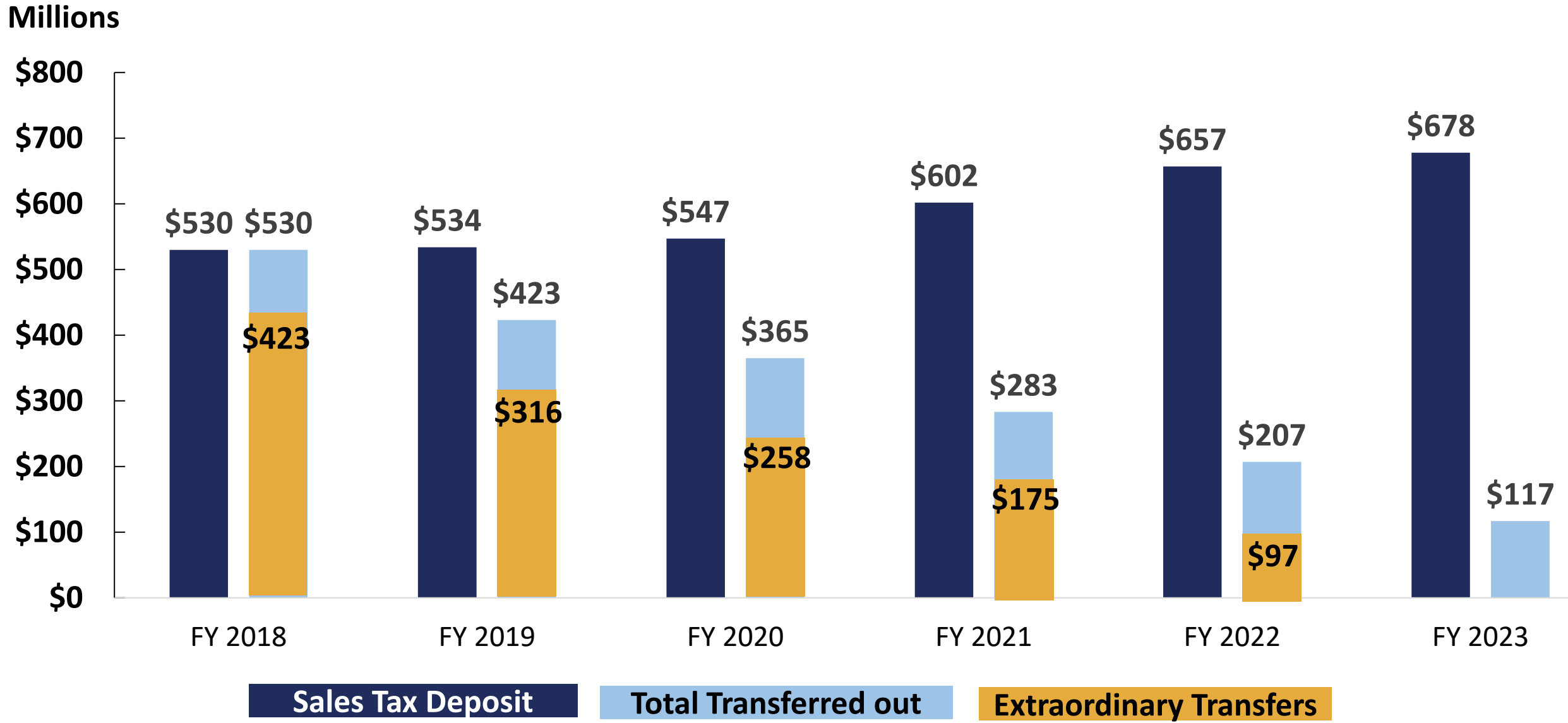
COMMUNITY

LOCAL NEWS

TRASHED! WHY ALL THE LITTER ALONG KANSAS CITY'S MAJOR ROADWAYS AND WHAT'S BEING DONE ABOUT IT

New Features of FY 2023 Budget

NEW: FY 2023 Eliminates Extraordinary Transfers



NEW: District 1 Headquarters – capital improvement project

- **New complex site would relocate/consolidate the following facilities:**
 - District 1 Headquarters Office & Maintenance Shop
 - District 1 Materials Lab
 - District 1 Supply and Stockroom
- **Long-standing need to improve operational efficiency:**
 - Current buildings built in 1930s – antiquated for today’s needs.
 - 2007 architectural feasibility study determined a new facility would improve operational efficiency & reduce long-term costs
- **Proposed new location: Near I-70 Interchange at 21st & Rice Road**
 - Existing KDOT property

NEW: District 1 Headquarters – Funding

- **Total cost estimate: \$18.5 million**
 - FY 2023: \$11 million
 - FY 2024: \$7.5 million
- **Work would be completed in 2 phases**

New Performance Metric

Pavement Preservation: All projects are not created equal

Action	Cost per Mile	Expected Life
Thin Overlay	\$X	3 to 4 years
Rehabilitation	\$XX	7 years
Reconstruction	\$XXX (asphalt) \$XXXX (concrete)	9 years – 30 years ** expected life varies by materials & whether it's completely new pavement or reconstructs it.

Ideally, we're doing a mix of these – applying the right treatment at the right time

One way to think about pavement health

We have 10,000 miles of highways

Every year we lose one year of expected life on each mile

Just to stay even, we need to add 10,000 mile-years of life to the system

In 2021, we added enough mile-years to achieve steady state – IF we had started in steady state

Type of Preservation	Expected Life	Miles completed in 2021	Mile-years added
Very light actions	3 years	600	1,800
Light Rehabilitation	7 years	492	3,358
Heavier Rehabilitation and Reconstruction	9 years	598	5,382
		Total Mile Years Added	10,540

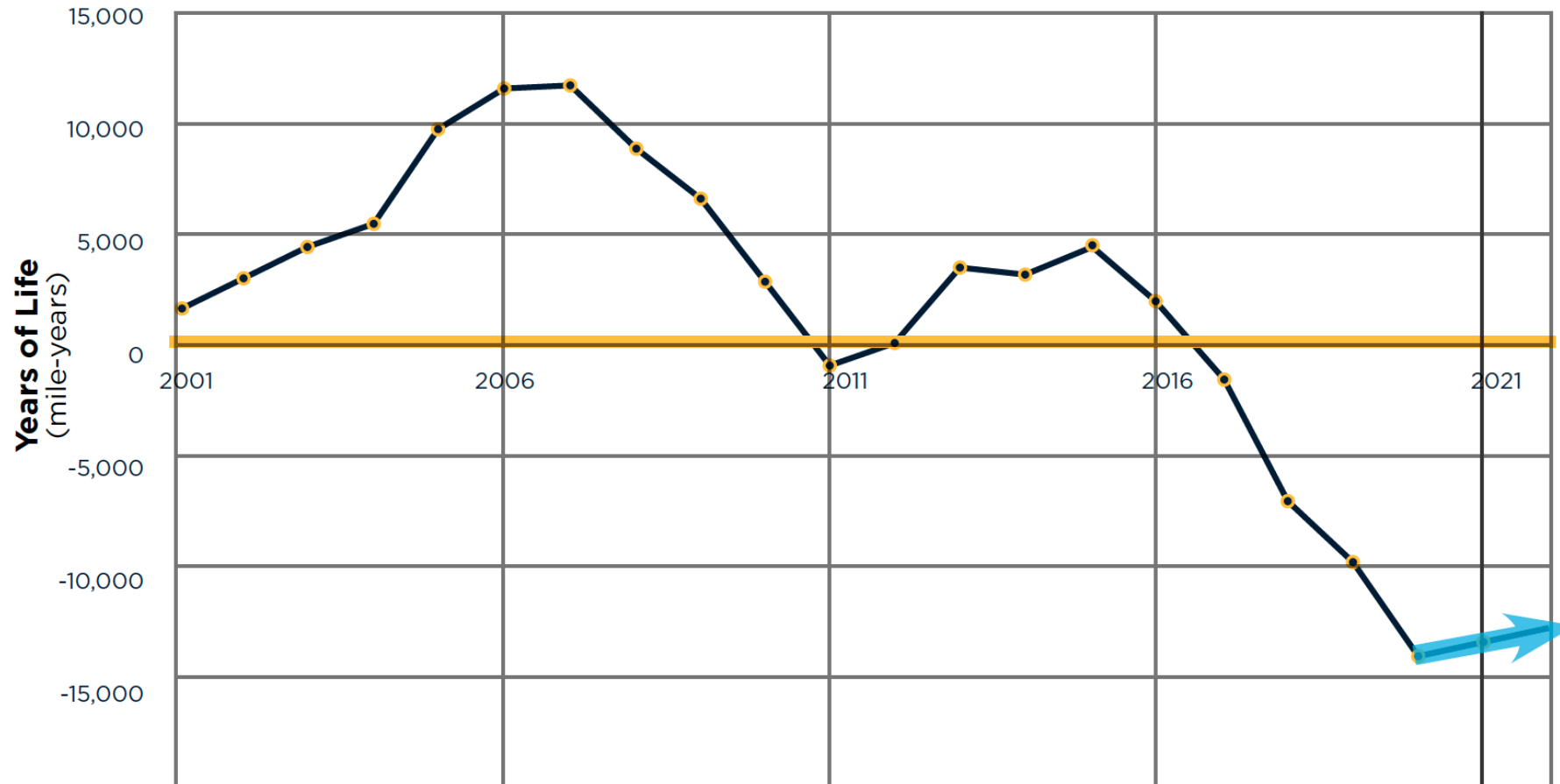
We're paying from the under-investment in previous years

2017 Example

Type of Preservation	Expected Life	Miles completed in 2017	Mile-years added
Very light actions	3 years	331	993
Light Rehabilitation	7 years	563	3,941
Heavier Rehabilitation and Reconstruction	9 years	122	1,098
		Total Mile Years Added	6,032

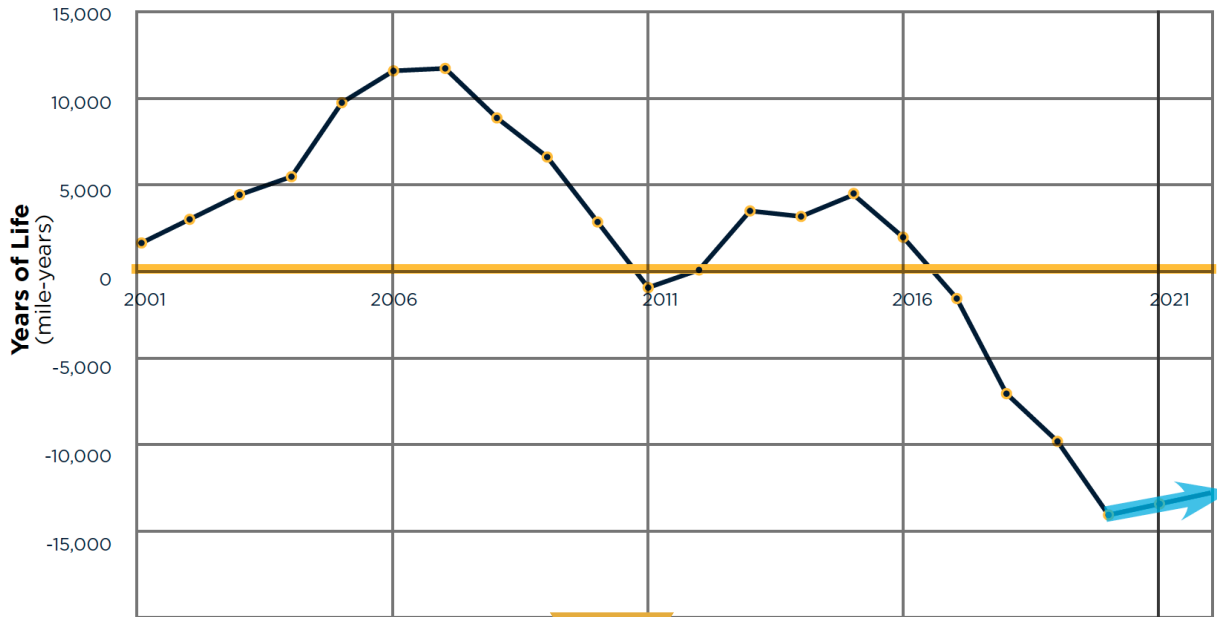
Recent past: Too many thin overlays falling short of 10,000 mile-years (represented by yellow line)

State highway pavement system health



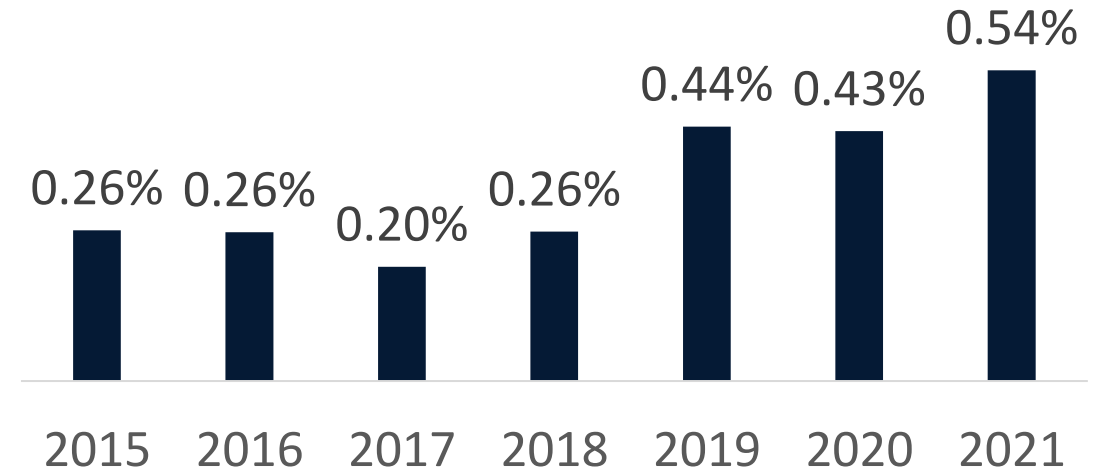
Previously relied on two pavement condition metrics: both are limited

State highway pavement system health



Does: Tell whether gaining/losing ground
Doesn't: Tell state of the system (good/bad)

Federal Measure: % Pavement in Poor Condition



Does: Tell smoothness of pavement
Doesn't: Measure deeper issues like joint cracking

Remember...



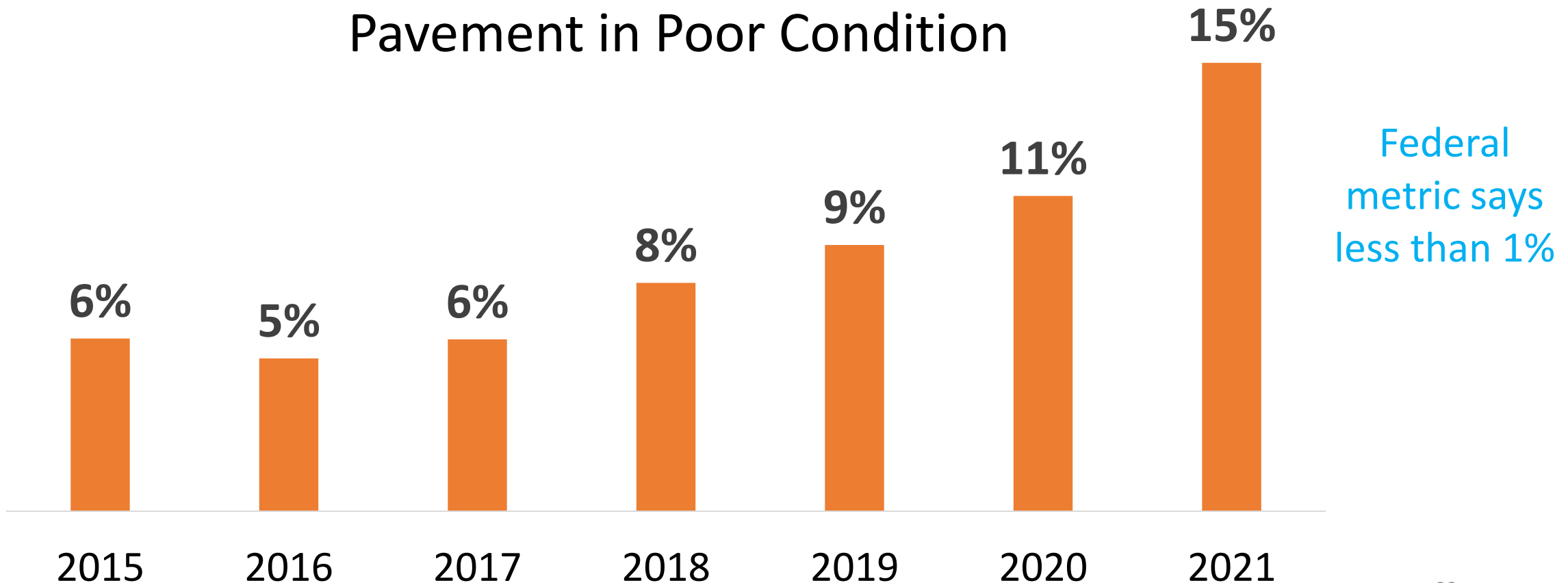
Pavement can be smooth....



But core's crumbling underneath

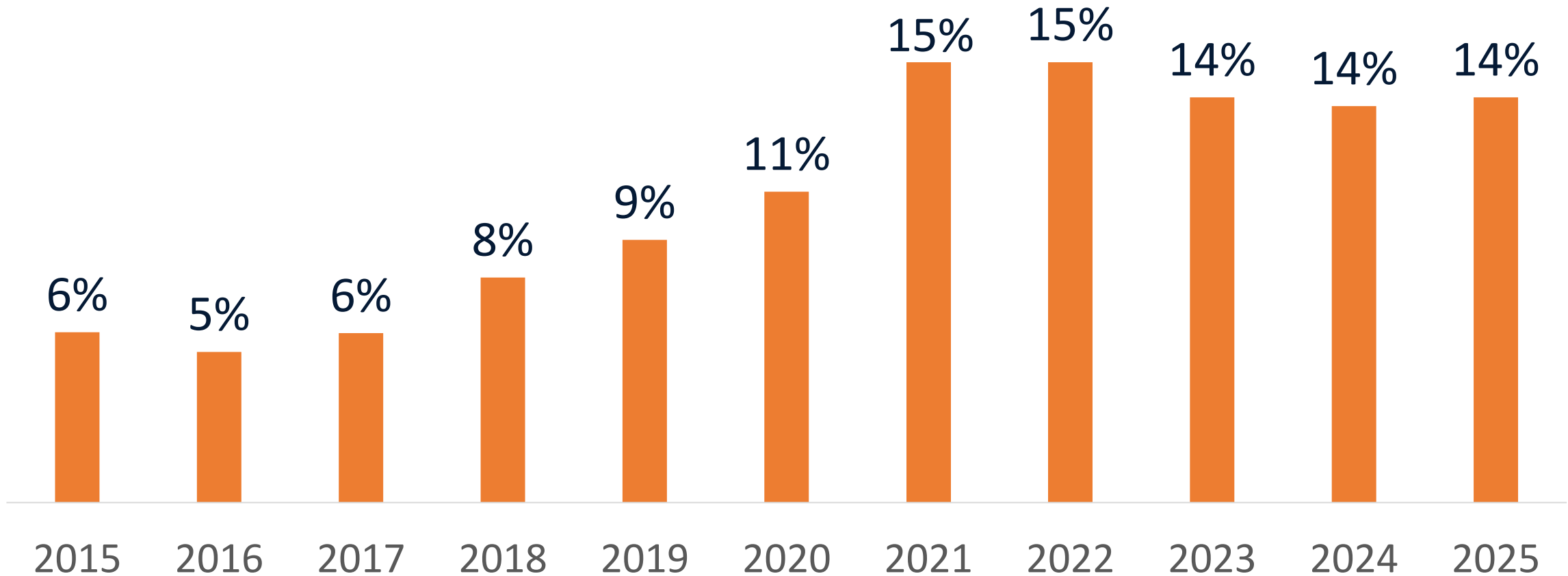
KDOT's new condition rating metric offers more complete picture of system health & reveals that **poor pavements increased**

Pavement in Poor Condition



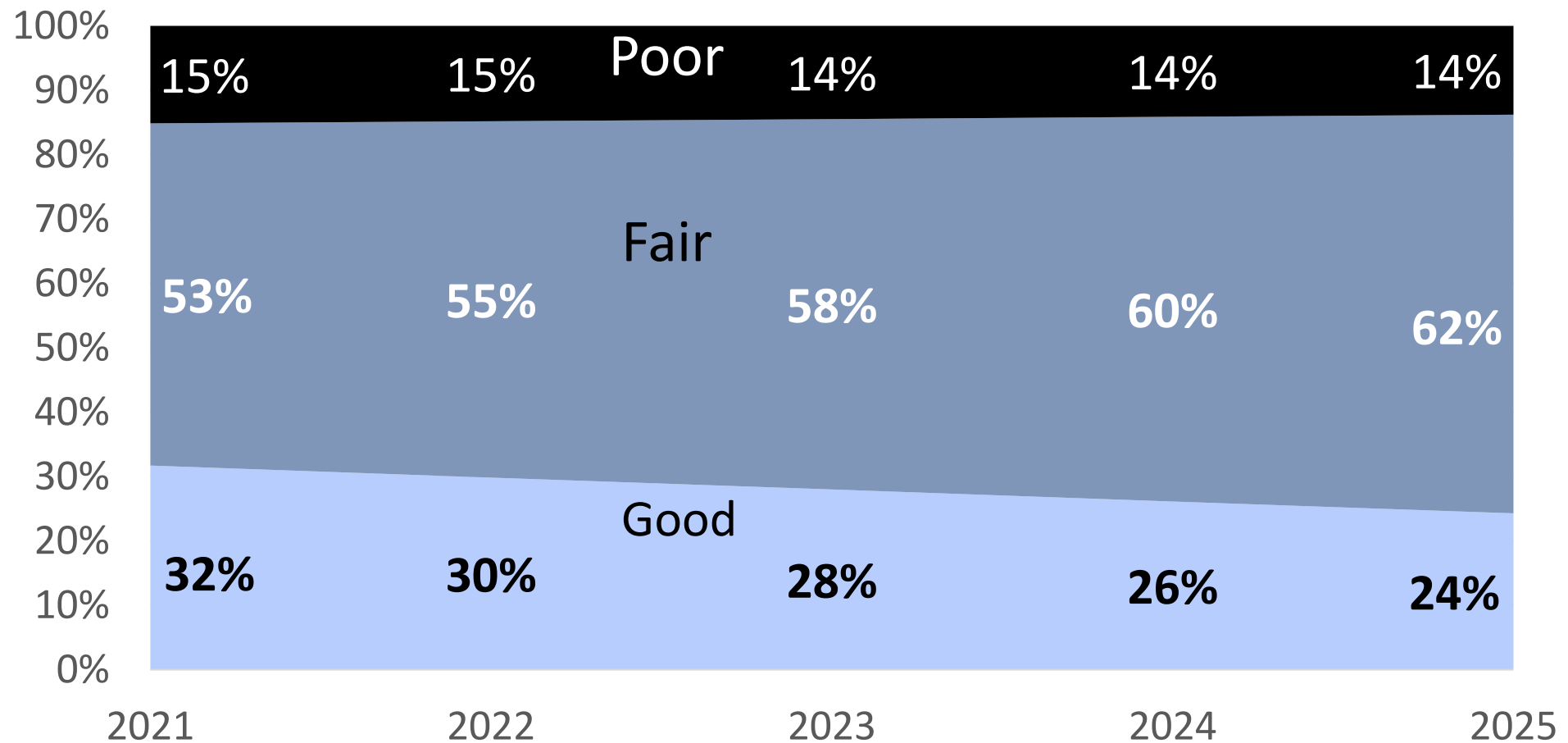
IKE's \$365 million annual pavement preservation investment **begins to reduce poor condition**

Pavement in Poor Condition



While good condition declines and fair condition grows

Percent of Pavement in Poor, Fair, and Good Conditions



Next up in our efforts: Establish targets and run scenarios on demand

We need to be able to predict what will happen to system conditions under a variety of conditions:

- Revenue and cost changes
- Evaluation and target setting for different highway classifications (Interstates, etc.)

Bottom line:

IKE holds us steady

BIL could help us improve

KDOT



IKE

 THE EISENHOWER LEGACY
TRANSPORTATION PROGRAM



**BIPARTISAN
INFRASTRUCTURE
LAW**

\$1.2 Trillion Investment across U.S.



Game-changing opportunity for Kansas

BIL: KDOT will work with cities, counties and stakeholders to leverage funds

Annual Funding Increase

HIGHWAYS: \$89 million

Federal-aid highway funding

BRIDGES: \$45 million

Funds targeted for bridges in poor/fair condition.

ELECTRIC VEHICLE INFRASTRUCTURE: \$8 million

Charging infrastructure, education & outreach

RURAL TRANSIT: \$3.7 million

KDOT administers rural transit funds

TOTAL \$145.7 million



Discretionary Grant Programs

We will be seeking input from partners:



- Are there existing programs that need to be adjusted or ramped up?
- Are there gaps within our program structure?
- Where do we need more flexibility?
- Are there underserved communities?
- What obstacles are limiting our ability to partner?

Our goals



Save lives by making our roads safer



Reduce transportation costs for people and goods



Strengthen communities by innovating our infrastructure



Thank you